NABE Outlook

NABE MACROECONOMIC FORECAST
May 1988

This report presents the consensus of macroeconomic forecasts made by a panel of professional forecasters drawn from the membership of the National Association of Business Economists. Most of the forecasts submitted were made in late April or early May 1988, and are being reported in May 1988. This survey is one of three taken regularly by NABE; the other inquiries are the Industrial Outlook and the Economic Policy Assessment surveys.

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Current Highlights

* Forecasters have raised their estimates of 1988 again; the median real GNP estimate is 2.9% on the year average basis (versus 2.2% in the prior survey), and over the four quarters of the year a 2.3% gain is expected (versus 2.0% before).

* Real net exports (up by $18.5 billion 1982 dollars) and nonresidential fixed investment (+8.3%) are expected to be the strong sectors; consumer spending is projected to rise a moderate 2.0%.

* Inflation (as measured on the CPI) in 1988 is predicted to be about the same (4.3% over the four quarters) as that in 1987.

* For 1989, the consensus forecast calls for slower real GNP growth (2.2% for the year average and 2.0% over the four quarters) accompanied by somewhat higher inflation (CPI up 4.7% for the year on average, 5.0% over the four quarters).

* The majority of forecasters (57.4%) think the next recession will begin in 1989, roughly the same proportion as in the prior survey.

* At the present time, we do not find sharp differences among forecasters based upon their theoretical framework (Monetarist, Keynesian, etc.), sector of employment, or regional concentration of their company's business.

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TABLE 1
SUMMARY OF NABE MEDIAN FORECASTS

	1987 Actual	1988E Aug 87 Survey	1988E Nov 87 Survey	1988E Feb 88 Survey	1988E May 88 Survey*	1989E May 88 Survey*
Fourth Quarter to Fourth Quarter						
Real GNP	4.0%	2.7%	2.0%	2.0%	2.3%	2.0%
Consumer Price Index	4.5%	4.8%	4.3%	4.2%	4.3%	5.0%
Annual Averages						
Real GNP	2.9%	2.7%	2.1%	2.2%	2.9%	2.2%
Personal consumption expend.	1.9%	NA	NA	NA	2.0%	2.0%
Nonresidential fixed invest.	1.0%	3.4%	2.3%	3.8%	8.3%	2.5%
Net exports	-$135.5	NA	NA	NA	-$117	-$93
Nominal Magnitudes:						
Merchandise trade balance	-$171.2	-$140	-$142	-$150	-$150	-$130
Federal budget deficit (FY)	-$148.9	-$170	-$160	-$157	-$155	-$151
Corporate profits (after-tax)	8.7%	4.0%	2.0%	3.0%	9.1%	4.7%
Real Magnitudes:						
Unemployment rate (civilian)	6.2%	6.0%	6.3%	6.0%	5.6%	5.9%
Industrial production	3.8%	NA	NA	NA	4.5%	2.9%
Housing starts (millions)	1.63	1.60	1.53	1.52	1.51	1.49
Auto sales (millions)	10.3	10.5	10.0	9.8	10.3	10.0
Inflation and Interest Rates:						
Consumer price index	3.7%	4.7%	4.2%	4.0%	4.0%	4.7%
GNP deflator	3.0%	NA	NA	NA	3.1%	4.2%
Treasury bills (3 month)	5.8%	NA	NA	NA	6.1%	6.8%
Treasury bonds (30 year)	8.6%	NA	NA	NA	9.1%	9.5%

NA = Not Available in earlier surveys.
* = Based upon 58 forecasts submitted in May 1988.

1988 Economic Forecast

Real GNP. Economic forecasters have once again raised their sights on 1988. In the May survey of macroeconomic forecasts conducted by NABE, the median projected advance in real GNP from the fourth quarter of 1987 to the fourth quarter of 1988 is 2.3% (versus 2.0% in the February inquiry), and the annual average gain is 2.9% (versus 2.2% in February). NABE forecasters never accepted the recession fears that were ignited by the plunge in stock prices in October 1987; in November, though, the median estimate on the annual average basis had been reduced to 2.1% in the wake of the financial turbulence. The latest estimate of 2.9% is even above the 2.7% that had been projected in August 1987. (All of these forecasts are summarized in Table 1.)

After this survey was taken and tabulated, the Commerce Department revised the first quarter real growth rate to 3.9% from the preliminary 2.3%; this is one of the larger revisions in recent years. No doubt, there will be some further upward adjustments to the NABE consenus in light of the stronger first quarter.

Strong and Weak Sectors. The projected gain in real output is led by net exports and capital spending. Real net exports are projected at -$117 billion (1982 dollars) in 1988, a gain of $18.5 billion from 1987; the direct impact will be to raise GNP 0.5%. Nonresidential fixed investment is expected to increase 8.3% or almost three times the pace of total GNP. By contrast personal consumption expenditures are seen rising by a moderate 2.0%. Other sectors are not surveyed separately in the poll, but, if combined, the implied total of residential investment, government spending, and inventory change would be up only 0.5% from the 1987 level.

Other Economic Measures. In addition to the components of GNP, economists expect gains in a number of other key indicators during 1988:

* The nominal trade balance is projected to decline to a deficit of $150 billion from $171 billion in 1987.

* A gain of 4.5% is predicted for industrial production in response to the trade and capital spending increases.

* Corporate profits after tax are expected to rise 9.1% following the 8.6% rise last year; this is a sharp upward revision from 3.8% estimate in the prior survey.

* The unemployment rate is expected to average 5.6% down from 6.2% in 1987; after the survey was taken, however, the April reading for civilian workers was reported already to be 5.4%.

A variety of other measures, however, are not expected to show favorable performance.

* Flat to declining volume is anticipated for housing (1.51 million starts) and car sales (10.3 million units); in the latter case, though, the forecast is 0.5 million units above the previous inquiry.

* The budget deficit worsens, but only slightly, to $155 billion versus $150 billion in fiscal 1987.

* Inflation is about the same for both the CPI (4.0% in 1988 versus 3.7% in 1987) and the GNP deflator (3.1% vs 3.0%, respectively), measured with year averages.

* Both short and long term interest rates move to higher average levels with T-bills at 6.1% (compared to 5.8% in 1987) and T-bonds at 9.1% (versus 8.6% in 1987).

Dispersion of the 1988 Forecasts. We use medians as our consensus on the forecast variables shown in Table 1, but some attention should be paid to the dispersion of the forecasts across the panel. To illustrate the range of opinion we averaged the top decile and quartile as well as the bottom decile and quartile of the participating forecasters. For real GNP and the Consumer Price Index, here are the results:

Panel A

	Real GNP		Consumer Price Index	
	1987Q4-1988Q4	1988 Yr. Avg	1987Q4-1988Q4	1988 Yr. Avg
Top 10%	3.5%	3.5%	5.8%	4.8%
Top 25%	3.1	3.3	5.2	4.5
Median	2.3	2.9	4.3	4.0
Bottom 25%	1.5	2.5	3.8	3.8
Bottom 10%	1.2	2.4	3.7	3.6

At present the disagreement about 1988 results is not too great. On the year average basis the top decile's GNP forecast (3.5%) differs from that of the bottom decile (2.4%) by 1.1%; the range on the CPI is about the same--1.2% with the top decile at 4.8% and the bottom at 3.6%. Measured fourth quarter-to-fourth quarter the gaps are wider 2.3% for real GNP and 2.1% on the CPI reflecting differences over the strength of the economy in the second half. Still, there is little sign of boom or bust and the corresponding consequences for price change.

1989 Economic Forecast

In the latest survey we inquired for the first time about forecasts for 1989. The median estimates for all of the key variables are shown in the last column of Table 1.

Real GNP and Sectors. 1989 is projected to be a year of decelerating growth with total GNP slowing to a 2.0% gain over 1988Q4-1989Q4 (versus 2.3% this year) and 2.2% for the year on average (versus 2.9% in 1988). Real net exports are forecasted to improve more rapidly to -$93 billion compared with -$117 billion in 1988 and -$135.5 billion in 1987. Investment spending, however, is expected to grow only 2.5% (down from 8.3% estimated for 1988) and consumer spending continues to expand at 2.0% (the same as the 1988 forecast). All other GNP components show an implied decline of 0.1% versus +0.5% in 1988.

Along with these estimates NABE forecasters look for:

* further improvement in the nominal trade deficit to -$130 billion;
* little change in the federal budget imbalance (-$151 billion),
* lower automobile sales (10.0 million) and housing starts (1.49 million), and
* higher inflation and higher interest rates.

See Table 1 for all of the details.

Dispersion of the 1989 Forecasts. There is a substantially wider range in the 1989 estimates than in those for 1988. Part of the explanation is just that 1989 is the second year in the forecast horizon, but, in addition, there is considerable scope for uncertainty in an aging, long cycle and for disagreements over what sort of policy adjustments may be made over the next 18 months. Here is the same array of deciles and quartiles for 1989 that was presented above for the current year.

Panel B

	Real GNP		Consumer Price Index	
	1988Q4-1989Q4	1989 Yr. Avg	1988Q4-1989Q4	1989 Yr. Avg
Top 10%	3.2%	3.0%	6.7%	6.1%
Top 25%	3.0	2.8	6.1	5.6
Median	2.0	2.2	5.0	4.7
Bottom 25%	0.5	0.8	4.1	4.1
Bottom 10%	-0.3	0.2	3.7	3.7

Next Recession. Despite forecasting slower growth in 1989, there are few forecasts of a decline either fourth quarter-to-fourth quarter or for the year on average. But the majority (57.4%) of respondents see recession beginning sometime in 1989, about the same portion as in the prior survey. Presumably, the decline begins late enough in the year to avoid an overall decrease in 1989, but the impact might be more visible in 1990. By year, NABE forecasters place the recession timing as follows:

Next Recession Begins In:	% of Respondents
1988	5.6%
1989	57.4
1990	31.5
1991	1.9
1992 or later	3.8

Differences Among Forecasters

There are many judgments that go into a macroeconomic forecast. We cross-tabulated the survey results according to several characteristics of the panel to see if we could isolate a portion of the differences. Table 2 presents some of the results.

The major conclusion of this classification is: despite theoretical disputes, different sector conditions, and the divergence of activity among regions, the median forecasts of real GNP and price change are remarkably similar among groups of forecasters; our assessments of data, policies, and economic processes have much in common. A few differences may, nonetheless, be discerned in forecasts, and they are as follows:

* Monetarist forecasters look for less real growth in 1988 and more in 1989 than do Keynesians or the overall sample; most of those who use "other" to identify the theoretical framework designate themselves as "eclectic".

* Forecasters who rely on rational expectations methodology expect the most growth in 1988 as well as the highest inflation in both 1988 and 1989.

* Economists working in the trade, transportation, utilities, and communication industries generally see a bit more real growth and slightly less inflation than do others.

* Interestingly, the business strength in goods-producing activities has not led forecasters in those companies to predict faster growth or inflation than do others.

Quarterly Interest Rate Pattern

About 60% of our panel volunteered interest rate forecasts by quarter for the remainder of 1988 and for 1989. The general expectation is for higher rates in the next several quarters and then a plateau.

Median estimate	1988Q1A	1988Q2	1988Q3	1938Q4	1989Q1	1989Q2	1989Q3	1989Q4
Treasury Bills	5.7%	6.0%	6.3%	6.6%	6.6%	6.8%	6.5%	6.5%
Treasury Bonds	8.6	9.0	9.1	9.4	9.5	9.5	9.5	9.5

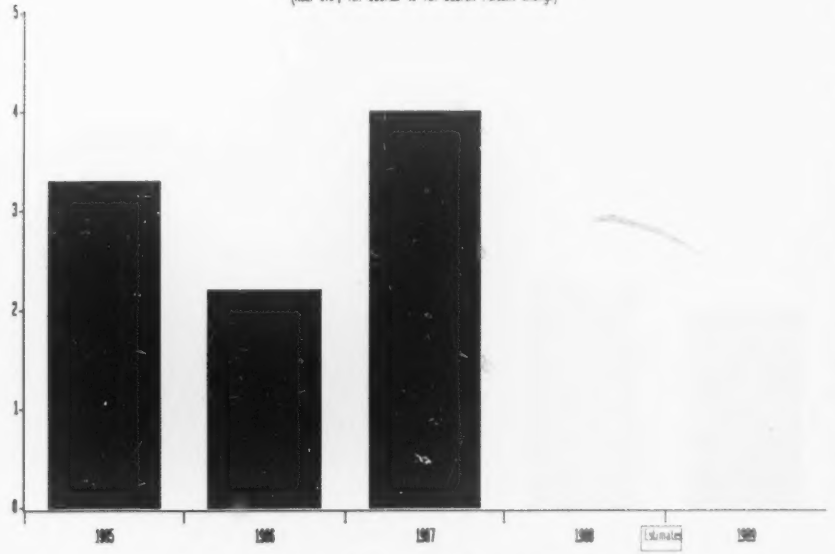
TABLE 2
MEDIAN NABE FORECAST FOR 1988 AND 1989 ACCORDING
TO CHARACTERISTICS OF THE FORECASTERS
(Estimates from Fourth Quarter to Fourth Quarter)

	Real GNP		Consumer Price Index	
	1988	1989	1988	1989
Overall Median	2.3%	2.0%	4.3%	5.0%
Principal Theory Used:				
Monetarist	2.1	2.6	4.3	5.0
Keynesian	2.3	1.9	4.1	4.9
Rational Expectations	2.6	2.1	4.9	5.9
Other	2.5	2.0	4.4	5.0
Sector of Employment:				
Goods-Producing	2.1	1.9	4.3	5.0
TTUC*	2.4	2.2	4.0	4.6
Other services	2.3	2.0	4.4	5.0
Region of Principal Business:				
Northeast	2.3	1.9	4.2	4.7
South	2.3	1.5	4.0	5.0
Midwest	2.5	2.0	4.5	5.2
West	2.4	1.7	4.5	5.0
Throughout U.S.	2.3	2.1	4.4	5.0

* TTUC = trade, transportation, utilities and communications.

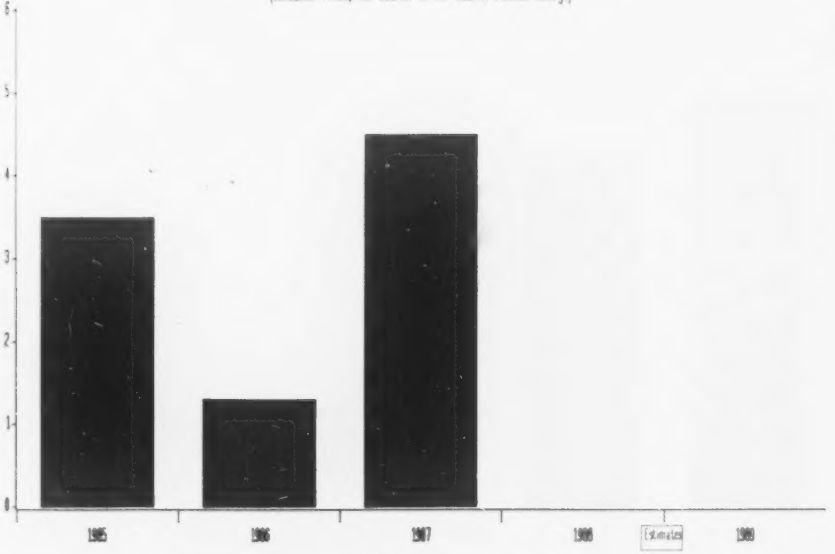
ECONOMISTS FORECAST SLOWER GNP GROWTH

(Real GNP, 4th-Quarter-to-4th-Quarter Percent Change)



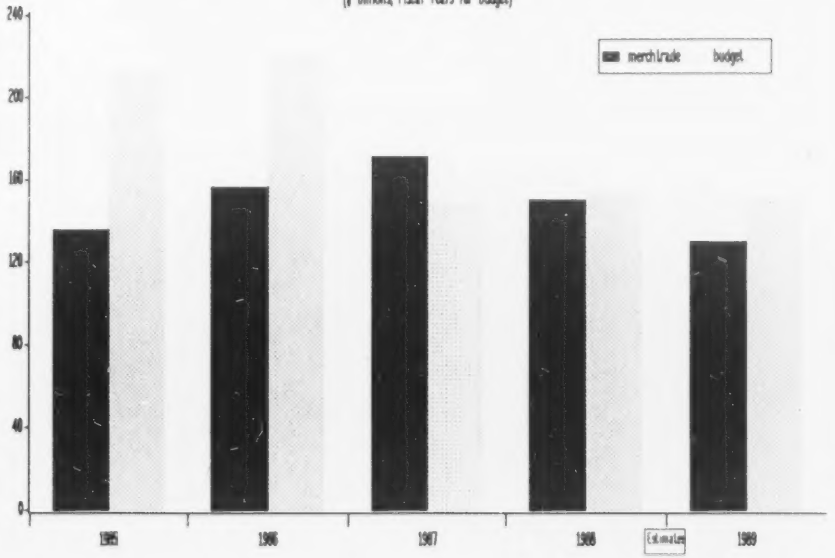
ECONOMISTS PREDICT HIGHER INFLATION IN 1989

(Consumer Prices, 4th-Quarter-to-4th-Quarter Percent Change)



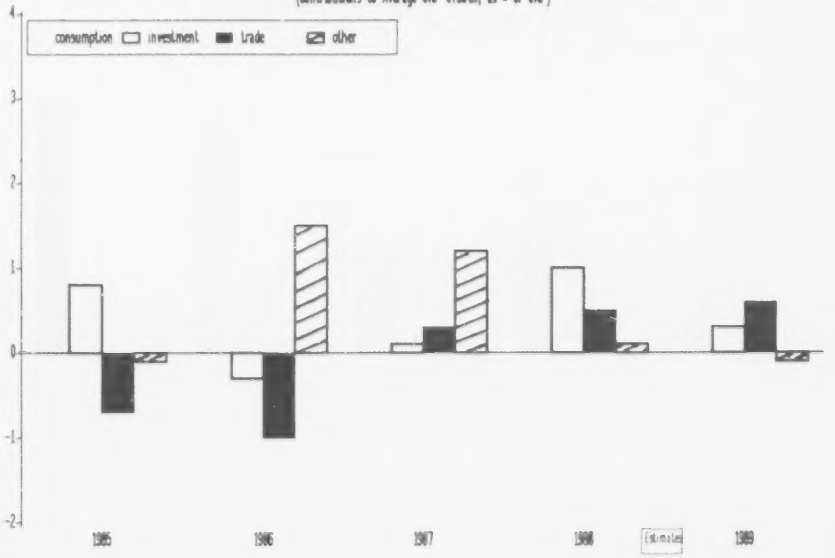
ECONOMISTS FORECAST STEADY BUDGET DEFICIT, BUT DECLINING TRADE DEFICIT

($ Billions, Fiscal Years for Budget)



ECONOMISTS SEE CONSUMPTION, INVESTMENT & TRADE CONTRIBUTING TO GNP GROWTH

(Contributions to Average GNP Growth, as % of GNP)



NABE OUTLOOK

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September 1988

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Current Highlights

* NABE forecasters have increased their real GNP forecasts for 1988. Median real growth is now estimated at 3.9%, on the year average basis, compared with 2.9% in the previous survey; measured fourth quarter-to-fourth quarter the median expectation is a 3.1% gain versus 2.3% before.

* For 1989, however, the growth outlook is only 2.3%, little changed from the 2.2% found in the prior survey; from the end of 1988 through the end of 1989 the forecast is for 2.0% growth, unchanged from the prior survey result.

* Inflation is expected to rise moderately in both 1988 and 1989. For 1988, on average, the Consumer Price Index is forecasted to be up 4.1% (about the same as the 4.0% in the prior survey) following a 3.7% advance in 1987; in 1989 the rise is projected at 5.0% (versus 4.7% in the previous survey).

* Economists have become more optimistic on the trade outlook, estimating that both real net exports and the nominal merchandise trade balance will show larger improvements than previously expected in both 1988 and 1989.

* The next recession is being pushed back further with 47.3% of respondents expecting it to start in 1989 (down from 57.4% in the last survey) and 41.8% expecting a 1990 start (versus 31.5% before) and 10.9% anticipating a still later beginning.

* Interest rates--both short and long--are projected to peak in the first half of 1989 according to the median of quarterly estimates.

* Five year trend growth of real GNP is put at 2.8%, labor productivity at 1.5%, and the CPI at 4.5%.

1988 Economic Forecast

NABE forecasters have raised their estimates for 1988 in the latest survey taken in the second half of August. As may be seen in Table 1, real GNP growth, measured fourth quarter to fourth quarter, is projected at 3.1% versus 2.3% in the prior survey; measured with year averages the forecast is 3.9% growth in 1988 versus the previous prediction of 2.9%. After the stock market crash in October 1987, the NABE panel reduced its estimates, although no recession was foreseen. The latest forecasts put the 1988 gains above the pre-crash consensus. One important factor behind the current estimates is the substantial upward corrections to the 1987 figures made by the Bureau of Economic Analysis in its July revisions. As a consequence the growth trajectory of the economy was raised. Information received between the last survey (in May) and the current one has been strong, in general, although a few very recent indicators have moved the other way.

By component, the NABE panel has boosted estimates of growth in the following sectors: consumer spending (to 2.5% from 2.0% in May), business investment (to 10.3% versus 8.3%) and real net exports (to an annual average of -$91 billion from -$117 billion). Other forecast changes of note, also shown in Table 1, include:

* The nominal merchandise trade deficit is put at $135 billion versus $150 billion previously.

* The federal budget for fiscal 1988 is expected to be in deficit by $150 billion versus $155 billion in the prior survey.

* Industrial production is seen rising by 5.2% for 1988, on average, versus 4.5% earlier.

* There are small changes in expectations for the big ticket consumer expenditures; automobile sales are revised up to a 10.5 million unit annual total (from 10.3 million) while housing starts are lowered to 1.48 million units (from 1.51 million).

* The inflation and interest rate forecasts are changed little, except in the case of short-term interest rates, where T-bills are expected to average 6.6% (versus 6.1% in the May inquiry).

1989 Economic Forecast

The NABE panel continues to view 1989 prospects less favorably, with economic growth slowing and inflation continuing to move up somewhat. The estimates are little changed from the previous survey and are as follows:

	1989 Estimates from Survey in: May	August
Real GNP growth (year average)	2.2%	2.3%
Real GNP growth (1988Q4-1989Q4)	2.0	2.0
Consumer price change (year average)	4.7	5.0
Consumer price change (1988Q4-1989Q4)	5.0	5.1

Although the totals have not changed much, there have been several important adjustments within the components. The trade prospects are brighter with real net exports projected at -$67 billion (versus -$93 billion in May) and the nominal merchandise balance estimated to be -$120 billion (compared to -$130 billion earlier). Also the civilian unemployment rate is now estimated at 5.6% (versus 5.9% before), and housing starts are anticipated to run at 1.41 million units (versus 1.49 million).

While the 1988 forecasts are closely bunched together, there is considerable disparity across those for 1989. The median forecast of GNP advance, fourth quarter-to-fourth quarter, is 2.0%, but the upper quartile expects another year similar to 1988 with output up 3.0% and the bottom quartile has an average gain of only 0.6%. The differences are not, however, due to sector of employment, region, or theoretical structure of analysis since there is a fairly wide dispersion of results among forecasters in each of these groups.

Quarterly Interest Rate Forecasts

As an optional question, we requested that respondents provide a quarterly path for the interest rate predictions. The quarterly medians of the available forecasts are given in the panel below:

Median estimate	88Q1A	88Q2A	88Q3E	88Q4E	89Q1E	89Q2E	89Q3E	89Q4E
Treasury Bill (91 Day)	5.7	6.2	7.0	7.2	7.5	7.6	7.3	7.0
Treasury Bond (30 Year)	8.6	9.1	9.3	9.6	9.9	9.9	9.6	9.4

A= Actual; E=Estimate

Both short and long rates are projected to increase into the first half of 1989 but then to decline in the second half.

Next Recession

The panel has pushed out in time its guess as to when the next recession will begin. Fewer respondents look for a 1989 start than was the case in the prior survey, and more look for the downturn to commence in 1990 or later.

Next Recession Begins In:	% of Respondents in: May 1988	August 1988
1988	5.6%	0.0%
1989	57.4	47.3
1990	31.5	41.8
1991	1.9	9.1
1992 or later	3.8	1.8

Long-Run Parameters

Once a year NABE surveys have requested information on several long-term growth rates. Although the sample of respondents was a larger panel in 1987, we show below the findings last year for comparison:

Five Year Growth Rate (1988-1992) in:	Survey Taken in: August 1987	August 1988
Real GNP	2.5%	2.8%
Productivity (nonfarm business)	1.5	1.5
Consumer Price Index	4.6	4.5

The GNP growth is raised slightly, but overall, economists have not revised their five year forecasts very much.

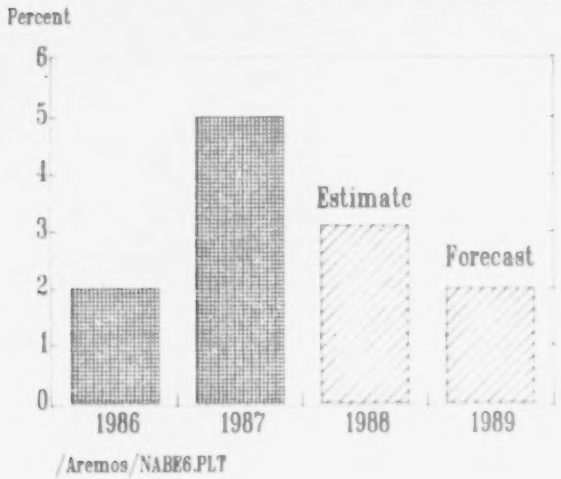
TABLE 1
SUMMARY OF NABE MEDIAN FORECASTS

	1987 Actual	1988E Aug 87 Survey	1988E Nov 87 Survey	1988E Feb 88 Survey	1988E May 88 Survey	1988E Aug 88 Survey*	1989E May 88 Survey	1989E Aug 88 Survey*
Fourth Quarter to Fourth Quarter								
Real GNP	5.0%	2.7%	2.0%	2.0%	2.3%	3.1%	2.0%	2.0%
Consumer Price Index	4.5%	4.8%	4.3%	4.2%	4.3%	4.4%	5.0%	5.1%
Annual Averages								
Real GNP	3.4%	2.7%	2.1%	2.2%	2.9%	3.9%	2.2%	2.3%
Personal consumption expend.	2.7%	NA	NA	NA	2.0%	2.5%	2.0%	2.0%
Nonresidential fixed invest.	2.8%	3.4%	2.3%	3.8%	8.3%	10.3%	2.5%	3.7%
Net exports	-$128.9	NA	NA	NA	-$117	-$91	-$93	-$67
Nominal Magnitudes:								
Merchandise trade balance	-$170.3	-$140	-$142	-$150	-$150	-$135	-$130	-$120
Federal budget deficit (FY)	-$149.5	-$170	-$160	-$157	-$155	-$150	-$151	-$150
Corporate profits (after-tax)	10.1%	4.0%	2.0%	3.0%	9.1%	9.5%	4.7%	5.0%
Real Magnitudes:								
Unemployment rate (civilian)	6.2%	6.0%	6.3%	6.0%	5.6%	5.5%	5.9%	5.6%
Industrial production	3.8%	NA	NA	NA	4.5%	5.2%	2.9%	2.9%
Housing starts (millions)	1.63	1.60	1.53	1.52	1.51	1.48	1.49	1.41
Auto sales (millions)	10.3	10.5	10.0	9.8	10.3	10.5	10.0	10.0
Inflation and Interest Rates:								
Consumer price index	3.7%	4.7%	4.2%	4.0%	4.0%	4.1%	4.7%	5.0%
GNP deflator	3.3%	NA	NA	NA	3.1%	3.1%	4.2%	4.4%
Treasury bills (3 month)	5.8%	NA	NA	NA	6.1%	6.6%	6.8%	7.4%
Treasury bonds (30 year)	8.6%	NA	NA	NA	9.1%	9.2%	9.5%	9.6%

NA = Not Available in earlier surveys.
* = Based upon 61 forecasts submitted in August 1988.

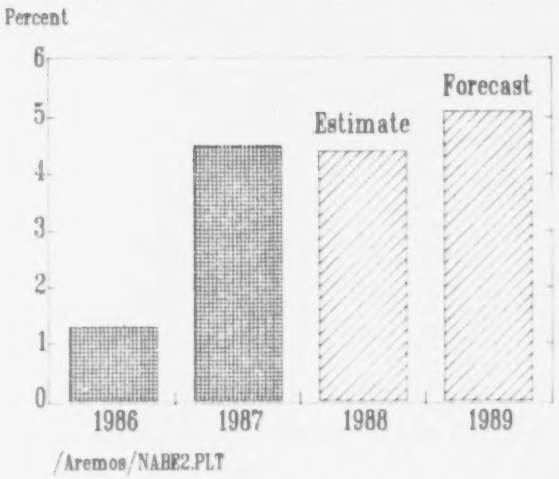
NABE's Macro Panel Expects Slower Economic Growth

(Real GNP, 4th-Quarter-to-4th-Quarter Percent Change)

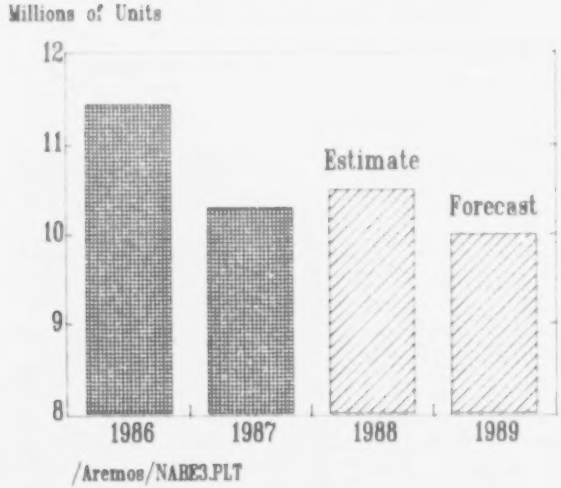


But a Speed-up in Inflation

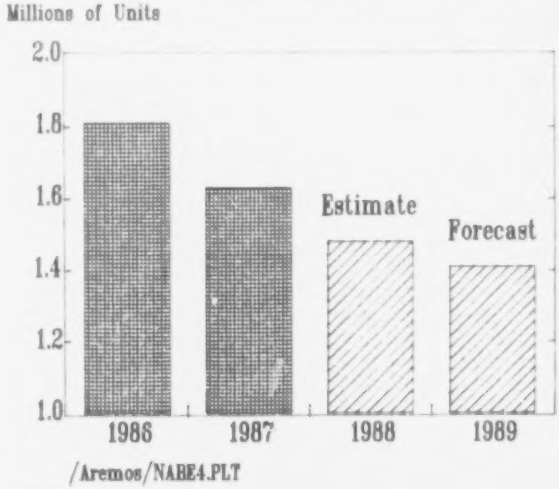
(Consumer Prices, 4Q-to-4Q Percent Change)



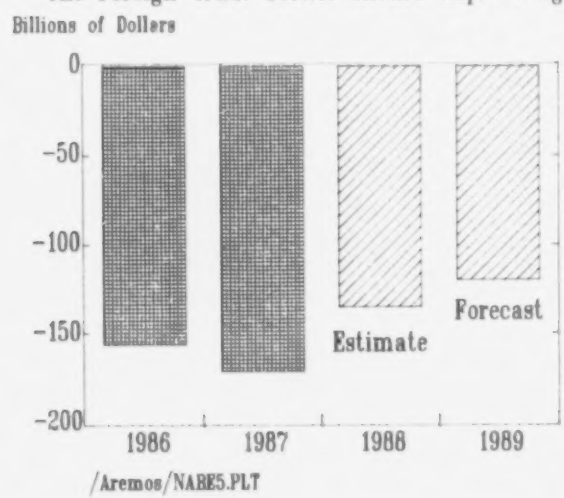
New-Car Sales Should be Lower



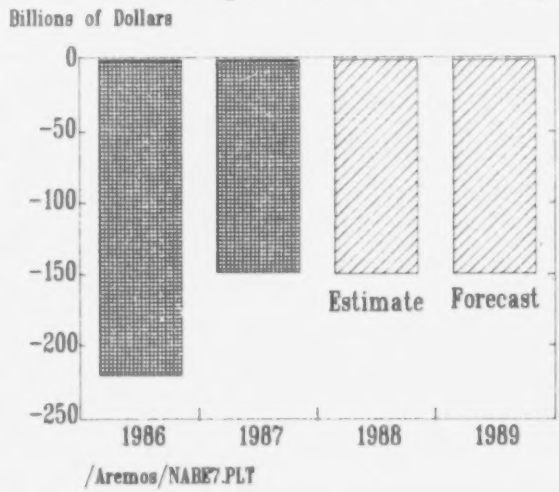
And Housing Starts Will be Down



The Foreign Trade Deficit Should Improve Again



But the Budget Deficit Will Remain Huge



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NABE OUTLOOK

NABE MACROECONOMIC FORECAST
November 1988

This report presents the consensus of macroeconomic forecasts made by a panel of professional forecasters drawn from the membership of the National Association of Business Economists. Most of the forecasts submitted were made in late October or early November and are being reported in November 1988. This survey is one of three taken regularly by NABE; the other inquiries are the Industrial Outlook and the Economic Policy Assessment surveys.

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CURRENT HIGHLIGHTS - SLOWER GROWTH ON THE HORIZON

* NABE's panel of economic forecasters are looking for a marked slowdown in economic activity for 1989, with year-over-year median growth in real GNP projected at 2.5%. While this forecast is up slightly from the September 1988 forecast of 2.3%, it is significantly slower than the 3.8% growth now expected for this year.

* According to NABE's panel of experts, the main reason for the slowdown is slower growth in both consumer spending and business fixed investment. The 2.0% increase forecast for 1989 consumer spending would be the slowest growth since the current recovery began in 1983. The business fixed investment forecast of 4.3%, while at or slightly above the long-term trend growth rate, is still down sharply from the 10.1% expected this year.

* Exports are expected to be an area of real strength in 1989, as the trade balance continues to show improvement. NABE's forecasting panel is projecting a $120 billion deficit in the trade account next year, down from the $135 billion deficit anticipated in 1988.

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* The NABE panel continues to expect an increase in the inflation rate. The GNP deflator is forecast to increase by 4.4% next year, up from the moderate 3.3% rate projected in 1988. The Consumer Price Index is expected to rise even more rapidly, showing a 5.0% year-over-year increase in 1989.

* The vast majority of panelists (88%) still expect a recession sometime during the next two years, but more respondents now expect it to arrive in 1990, rather than earlier. However, a substantial minority (40%) still expect a downturn in 1989.

* Interest rates, both short and long, are still expected to peak in the first half of 1989. However, rises are expected to be modest, with the three month treasury bill rate peaking at 7.6%, and thirty year bonds topping out at 9.5% -- up only 30 to 50 basis points from October rates.

THE DETAILED OUTLOOK -- CONTINUED RECOVERY, BUT AT A SLOWER PACE

November's forecast for 1989 is a bit more bullish than the two previous forecasts, in May and August of this year. Real growth is now expected to be 2.5% on a year-over-year basis, up from the 2.3% projection in August. One reason for the slightly stronger forecast is a more robust business fixed investment outlook. NABE's panel of experts is now expecting nonresidential fixed investment to rise 4.3% next year, versus the old forecast of 3.7%. The real net export deficit is still expected to improve in 1989, at -$76 billion versus 1988's -$96 billion. However, the current forecast shows some deterioration from August's level of -$67 billion. Other forecast components remain relatively unchanged.

While the consensus forecast has not changed much, the spread between the pessimistic and optimistic panel members has tightened somewhat, as can be seen from the table below:

Real GNP Growth (1988Q4-1989Q4)	Estimates of Survey in: August	November
Median Forecast	2.0%	2.2%
Upper Quartile	3.0	3.2
Lower Quartile	0.6	1.1
Spread -- Upper-Lower	2.4	2.1

The tighter spread is due to slightly less pessimistic forecasts by the lower quartile of respondents. This is consistent with the panel's answers on the timing of the next recession, which is now not expected to arrive until late 1989 or early 1990.

With three quarters of actual data in, it is no surprise that the 1988 forecast has converged at 3.8% for real GNP growth. Industrial production is expected to grow at a faster 5.5% clip, a reflection of the significant improvement in the trade deficit. Real net exports for the year are now expected to be -$96 billion, substantially better than the -$129 billion reported in 1987, although slightly worse than the forecast of -$91 billion in the August forecast.

INTEREST RATE PEAK EXPECTED IN 1989 SECOND QUARTER

As an optional question, we requested that respondents provide a quarterly path for the interest rate predictions. The quarterly medians of those responding, along with the upper and lower quartiles, are shown below:

Estimate	88Q3A	88Q4E	89Q1F	89Q2F	89Q3F	89Q4F
91 Day T-Bills - median	7.0	7.4	7.5	7.6	7.4	7.1
- upper 25%		7.7	8.1	8.2	8.0	8.0
- lower 25%		7.1	7.0	6.7	6.5	6.1
30 Year T-Bonds - median	9.2	9.1	9.4	9.5	9.4	9.1
- upper 25%		9.5	9.8	10.0	10.1	9.9
- lower 25%		8.9	8.8	8.8	8.6	8.3

A = Actual; E = Estimate; F = Forecast

The median and top quartile forecasts have rates peaking in the middle of next year, while the bottom quartile expects a continual decline from current levels.

THE NEXT RECESSION -- EXPECTED A BIT LATER

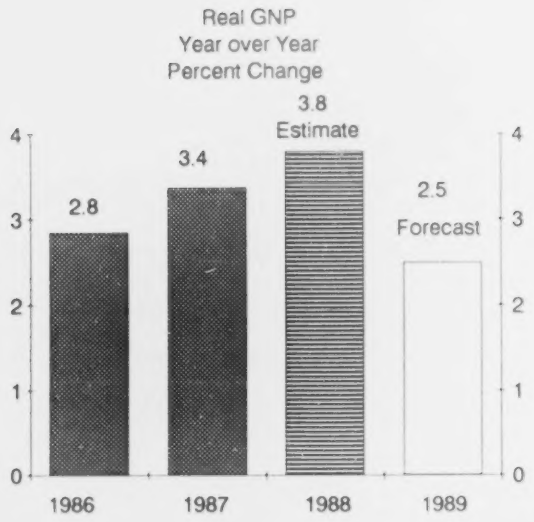
The panel has again pushed out in time its guess as to when the next recession will begin. Fewer than half of the respondents now expect the downturn to arrive in 1989; however, over 88% still expect one before the end of 1990, as can be seen below:

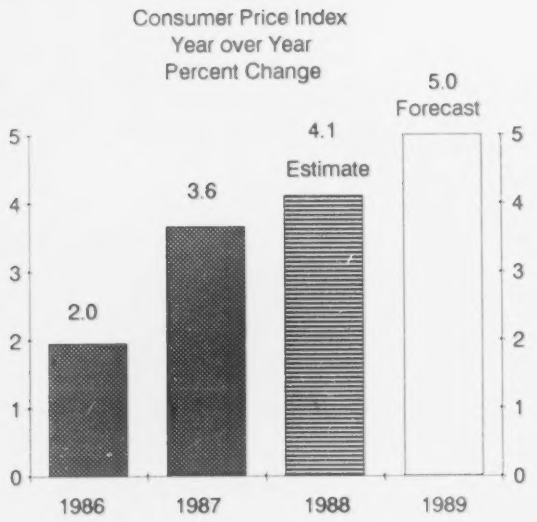
	% of Respondents in:		
Next Recession Begins In:	May 1988	August 1988	November 1988
1988	5.6%	0.0%	0.0%
1989	57.4	47.3	40.0
1990	31.5	41.8	48.3
1991	1.9	9.1	8.3
1992 or later	3.8	1.8	3.3

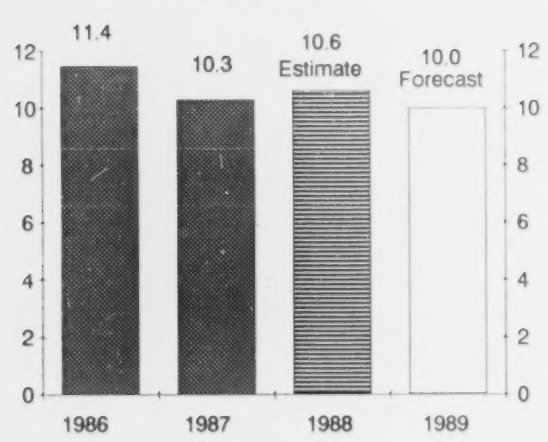
TABLE 1
SUMMARY OF NABE MEDIAN FORECASTS

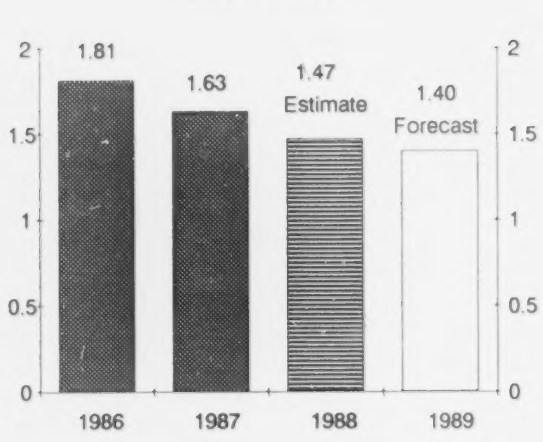
	1987 ACTUAL	1988E Feb 88 SURVEY	1988E May 88 SURVEY	1988E Aug 88 SURVEY	1988E Nov 88 SURVEY*	1989 Est. May 88 SURVEY	1989 Est. Aug 88 SURVEY	1989 Est. Nov 88 SURVEY*
4TH QUARTER TO 4TH QUARTER								
Real GNP	5.0%	2.0%	2.3%	3.1%	2.8%	2.0%	2.0%	2.2%
Consumer Price Index	4.5%	4.2%	4.3%	4.4%	4.4%	5.0%	5.1%	5.0%
ANNUAL AVERAGES								
Real GNP	3.4%	2.2%	2.9%	3.9%	3.8%	2.2%	2.3%	2.5%
Personal Consump. Expend.	2.7%	NA	2.0%	2.5%	2.7%	2.0%	2.0%	2.0%
Nonresident. Fixed Invest	2.8%	3.8%	8.3%	10.3%	10.1%	2.5%	3.7%	4.3%
Net Exports	-$128.9	NA	-$117	-$91	-$96	-$93	-$67	-$76
Nominal Magnitudes:								
Merchandise trade bal.	-$170.3	-$150	-$150	-$135	-$135	-$130	-$120	-$120
Fed Budget Deficit (FY)	-$149.5	-$157	-$155	-$150	-$155	-$151	-$150	-$150
Corp Profits (after tax)	10.1%	3.0%	9.1%	9.5%	10.8%	4.7%	5.0%	5.2%
Real Magnitudes:								
Unemployment Rate (Civil)	6.2%	6.0%	5.6%	5.5%	5.5%	5.9%	5.6%	5.6%
Industrial production	3.8%	NA	4.5%	5.2%	5.5%	2.9%	2.9%	3.0%
Housing starts (Mils.)	1.68	1.52	1.51	1.48	1.47	1.49	1.41	1.40
Auto Sales (Millions)	10.3	9.8	10.3	10.5	10.6	10.0	10.0	10.0
Inflation & Interest Rates:								
Consumer Price Index	3.7%	4.0%	4.0%	4.1%	4.1%	4.7%	5.0%	5.0%
GNP deflator	3.3%	NA	3.1%	3.1%	3.3%	4.2%	4.4%	4.4%
Treasury Bills (3 mo.)	5.8%	NA	6.1%	6.6%	6.6%	6.8%	7.4%	7.5%
Treasury Bonds (30 yr.)	8.6%	NA	9.1%	9.2%	9.0%	9.5%	9.6%	9.5%

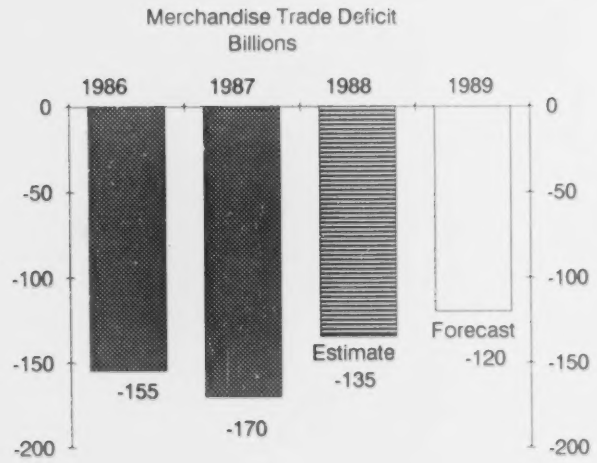
NA = Not available in earlier surveys.
* = Based upon 66 forecasts submitted in November, 1988.

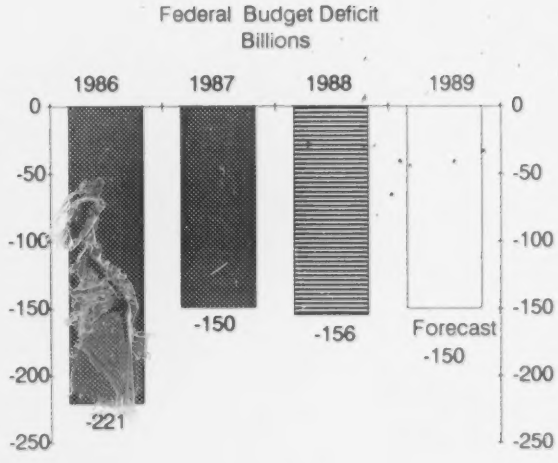

Real GNP
Year over Year
Percent Change
2.8
3.4
3.8
Estimate
2.5
Forecast
1986
1987
1988
1989


Consumer Price Index
Year over Year
Percent Change
2.0
3.6
4.1
Estimate
5.0
Forecast
1986
1987
1988
1989


New Car Sales
Millions of Units
11.4
10.3
10.6
Estimate
10.0
Forecast
1986
1987
1988
1989


Housing Starts
Millions of Units
1.81
1.63
1.47
Estimate
1.40
Forecast
1986
1987
1988
1989


Merchandise Trade Deficit
Billions
1986
1987
1988
1989
-155
-170
Estimate
-135
Forecast
-120


Federal Budget Deficit
Billions
1986
1987
1988
1989
-221
-150
-156
Forecast
-150

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NABE Outlook

NABE Macroeconomic Forecast

February 1989

This report presents the consensus forecast results made by a select panel of 59 professional forecasters drawn from the membership of the National Association of Business Economists. Most of the forecasts were made in late January or early February, following the release of 4th quarter GNP data. This survey is one of three taken regularly by NABE; the other surveys are the **Industrial Outlook** *and the* **Economic Policy** *surveys.*

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Highlights from the February Survey

* The median forecast of NABE's economic outlook panel has been raised slightly--real GNP growth is now expected to be 2.7 percent on a year-over-year basis, up from the 2.5 percent forecast made last November. This growth rate is right in line with trend growth in both the labor force and manufacturing capacity, resulting in an economy in which both the unemployment and capacity utilization rates are expected to stabilize at or near current levels (5.4 percent unemployment and 85 percent utilization).

* Real economic growth in 1988 came in at 3.8 percent, again on a year-over-year basis, right in line with our panel's expectations as reflected in its last two forecasts. Thus, the expected growth in 1989 represents a noticeable slowdown in the current economic expansion.

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* But the panel has scaled back the risk of a possible 1989-90 economic downturn. A significant majority (75 percent) of panel members still expects a recession sometime during the next two years, down from 88 percent in November. Interestingly, the proportion expecting a 1989 decline has dropped from 40 percent to 19 percent. Many of the born-again optimists on 1989 have postponed their recession to 1990.

* Inflation is expected to accelerate in 1989. On the basis of 4th quarter-to-4th quarter changes in Consumer Prices, inflation in 1989 is expected to be 4.8 percent, up from 4.3 percent in 1988. On the GNP deflator, inflation is expected to run at a 4.5 percent rate during 1989, not significantly changed from our last forecast and a continuation of the rate experienced in the last half of 1988. *An important factor in the respondents' inflation forecasts was*--no major surprise--*their projections for real economic growth. In general, those respondents with higher growth rates also had higher inflation rates, which were probably driven by assumptions of tighter capacity use and more labor shortages.*

* The "twin deficits" should post modest improvements later in 1989. The median forecast for the merchandise trade deficit is $120 billion, moderately better than the actual $137 billion deficit in 1988. The median Federal budget deficit for the current 1989 fiscal year is $155 billion, unchanged from the actual deficit in fiscal 1988. For fiscal 1990, the panel expects only a slight improvement to $135 billion, well above the $100 billion Gramm-Rudman-Hollings requirement.

* Actual changes in market interest rates appear to be outstripping the panel's estimates. The panel thought interest rates would drift up to slightly higher peak levels by mid-1989 and then begin to move lower. Three-month Treasury bill yields were expected to move up .80 percentage points from the 4th quarter 1988 average to 8.5 percent during the 2nd quarter. *(This rise has already occurred.)* The panel then expected rates to decline to a 4th quarter 1989 average of 7.8 percent. *The estimates of the highest quartile are much closer to the actual pattern of interest rates in the opening two months of 1989. This group of interest-rate bears expect Treasury bill rates to rise by another 60 basis points and then hold at the 9.10 percent level during the 2nd half of 1989.*

* Long-term interest rates, as reflected in 30-year Treasury bond yields, should post similar, but smaller, movements. The panel expected a rise from 9.00 percent at the outset of 1989 to a 2nd quarter peak of 9.30 percent, with a return to the 9.00 level at the end of 1989. The bearish quartile calls for 10.00 percent bond yields by year-end 1990.

A Successful "Soft Landing?"

The panel's February forecasts continue to show improvement in the 1989 outlook. The median forecast now calls for growth of 2.7 percent, up from 2.5 percent last quarter and 2.3 percent in the August forecast. The primary reason for the better performance is a more ebullient consumer sector. Growth in this important sector is now expected to be 2.5 percent for 1989, up significantly from the 2.0 percent expected last November. This is a reflection of the current high level of consumer sentiment as well as a continuation of the strong retail sales encountered during the past Christmas season.

The 2.7 percent growth in real GNP is close to what many economists feel is the long-term trend growth of the U.S. economy. Growth above this rate for an extended period of time could result in an acceleration of inflation, due to tightness in labor markets and manufacturing capacity utilization. Thus, although lower than the 3.8 percent growth experienced last year, the current median forecast represents a more sustainable and comfortable rate of expansion.

Sector Outlook

The stronger economic growth being forecast by the majority of our respondents is primarily a function of a more ebullient consumer sector. However, the forecasts for other sectors have also improved, as follows:

* Industrial production is now expected to rise by 3.4 percent, as opposed to 3.0 percent in the November forecast.

* Housing starts are now expected to average 1.44 million units, up slightly from the 1.40 million in the last forecast, despite expectations of higher interest rates in the current forecast.

* Auto sales should total 10.2 million units in 1989, a slight increase from the November estimate of 10.0 million, although the figures would still be down from last year's 10.5 million result. In addition, van and truck sales are expected to be 5.1 million, very close to the 1988 levels.

Quarterly Interest Rate Forecasts

Our panel provide us with a quarterly path for both short and long-term interest rates. The quarterly medians, along with the average of the upper and lower 25 percent, are shown below:

Table 1

Quarterly Interest Rate Projections

			Estimates			
		88Q4A	89Q1F	89Q2F	89Q3F	89Q4F
91 Day T-Bills	- median	7.7%	8.3%	8.5%	8.0%	7.8%
	- upper 25%		8.5	8.9	9.1	9.1
	- lower 25%		8.0	7.8	7.4	6.9
30 Yr. T-Bonds	- median	9.0%	9.0	9.3	9.2	9.0
	- upper 25%		9.3	9.7	9.9	10.0
	- lower 25%		8.9	8.9	8.7	8.4

A = Actual; F = Forecast

The Next Recession Continues to be Postponed

The vast majority of our panel has again postponed the expected arrival of the next recession. Fewer than 20 percent of respondents felt that a downturn would commence in 1989, but a majority of participants now feels that 1990 is the most likely year. However, a significant 75 percent of the business economists in our panel still feel that a recession will arrive sometime before the end of next year.

Table 2

Recession Estimates

Next Recession Begins In:	Percent of Respondents in:			
	May 1988	Aug 1988	Nov 1988	Feb 1989
1989	57.4%	47.3%	40.0%	19.2%
1990	31.5	41.8	48.3	55.8
1991	1.9	9.1	8.3	17.3
1992 or later	3.8	1.8	3.3	7.7

Table 3

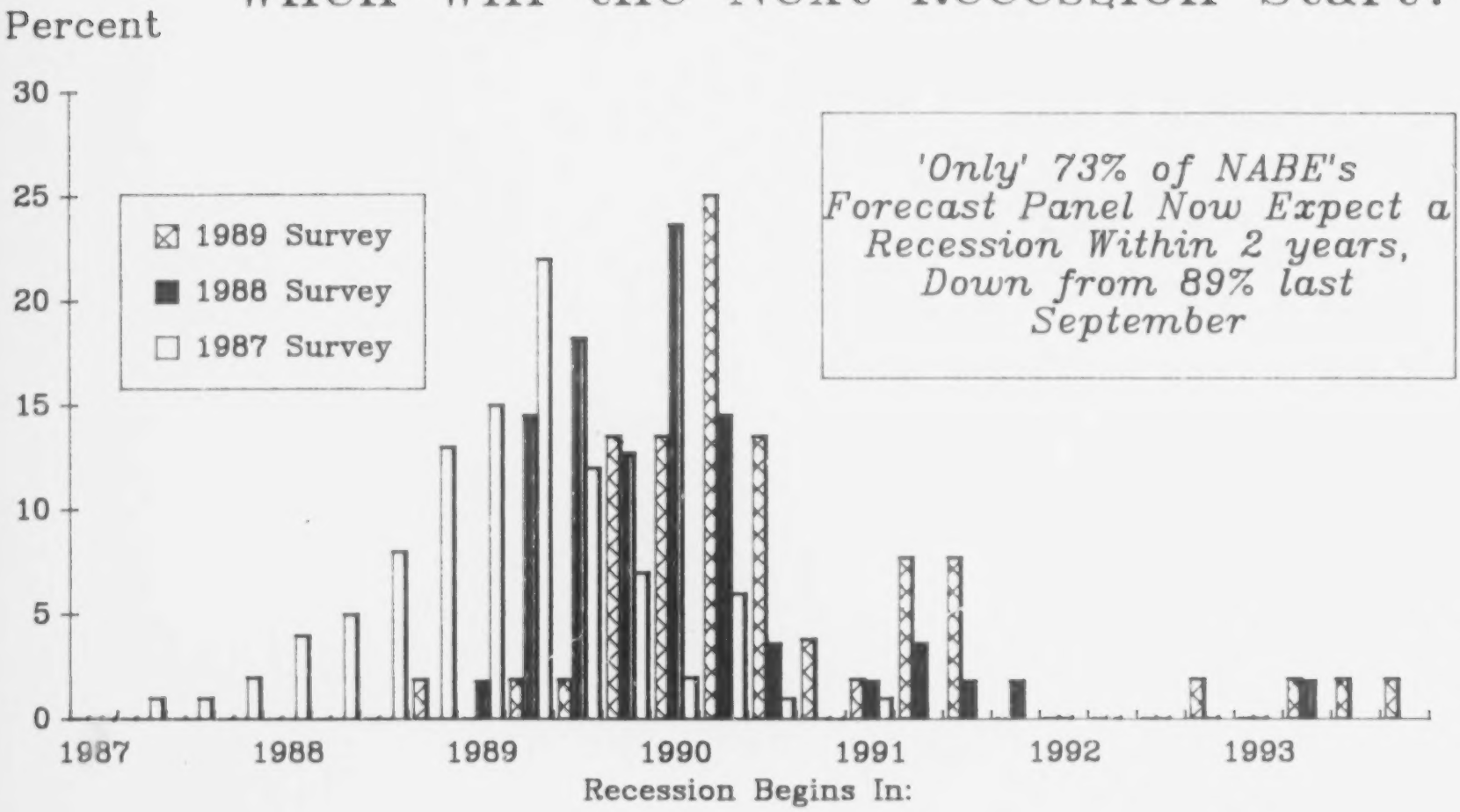
Summary of NABE Median Forecasts

	1988 Actual	May 88 Survey	1989 Forecasts: Aug 88 Survey	Nov 89 Survey	Feb 89 Survey
Fourth-Quarter to Fourth-Quarter					
Real GNP	2.7%	2.0%	2.0%	2.2%	2.5%
Consumer Price Index	4.3%	5.0%	5.1%	5.0%	4.8%
Annual Averages					
Real GNP	3.8%	2.2%	2.3%	2.5%	2.7%
Personal consumption expend.	2.8%	2.0%	2.0%	2.0%	2.5%
Nonresidential fixed invest.	9.5%	2.5%	3.7%	4.3%	4.0%
Net exports (billions)	-$99.1	-$93	-$67	-$76	-$85
Nominal Magnitudes:					
Merchandise trade balance	-$137.0	-$130	-$120	-$120	-$120
Federal budget deficit (FY)	-$154.9	-$151	-$150	-$150	-$155#
Corporate profits (after-tax)	12.6%	4.7%	5.0%	5.2%	6.3%
Real Magnitudes:					
Unemployment rate (civilian)	5.5%	5.9%	5.6%	5.6%	5.5%
Industrial production	5.7%	2.9%	2.9%	3.0%	3.4%
Housing starts (millions)	1.49	1.49	1.41	1.40	1.44
Auto sales (millions)	10.6	10.0	10.0	10.0	10.2
Inflation and Interest Rates:					
Consumer price index	4.1%	4.7%	5.0%	5.0%	4.7%
GNP deflator	3.4%	4.2%	4.4%	4.4%	4.5%
Treasury bills (91 days)	6.7%	6.8%	7.4%	7.5%	8.0%
Treasury bonds (30 years)	9.0%	9.5%	9.6%	9.5%	9.2%

\# The panel's estimated Federal budget deficit for fiscal 1990 is $135 billion.

The February 1989 column is based on 59 responses received.

When Will the Next Recession Start?



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NABE Outlook

NABE MACROECONOMIC FORECAST RESULTS

May 1989

This report presents the consensus forecast results made by a select panel of 54 professional forecasters drawn from the membership of the National Association of Business Economists. The forecasts were made in early May following the release of the preliminary 1st quarter GNP data.

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Highlights from the May Survey

* *NABE's panel of forecasting experts is projecting continued economic growth for 1989, though the growth rate is expected to slow dramatically during the remainder of this year. The median forecast of the panel of 54 professional economists calls for 2.3 percent growth during the year on a 4th quarter-to-4th quarter basis. This projection compares with actual growth of 2.8 percent from the 4th quarter of 1987 to the 4th quarter of 1988. It is a couple of notches slower than the February forecast, and it implies an average growth rate of only 1.3 percent for the remaining three quarters of 1989.*

* *The panel took a first look at the economy in 1990 and expects a rise of 2.3 percent on a 4th quarter-to-4th quarter basis, the same as the 1989 projection.*

* *The panel sharply increased its inflation forecast for this year -- the median 4th quarter-to-4th quarter change in Consumer Prices is now 5.3 percent, a full percentage point higher than last year, and a half percentage point higher than the last forecast in February. The source of this inflation appears to be the twin shocks of energy and food prices which have already appeared in the system. The median forecast for 1990 CPI inflation is for 4.7 percent (again on a 4th quarter-to-4th quarter basis), a moderate slowdown from the 1989 pace.*

* *1990 continues to be the favored year for the arrival of the next recession -- 43 percent of our panelists chose that year (down from 56 percent in the last forecast). The proportion calling for a 1989 recession was 20 percent (the same as the last forecast), while a significant 37 percent thought that we could make it to 1991 or later without a business downturn.*

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* *Progress on the "twin deficits" is still expected to stall in 1989. While the median trade deficit forecast of $112 billion is a slight improvement over the $119.8 billion recorded in 1988, the budget deficit is expected to deteriorate to $160 billion in the current 1989 fiscal year, up from $155.1 billion last year, and well above the $138 billion Gramm-Rudman-Hollings (GRH) "deficit-reduction" ceiling. Both deficits are expected to improve slightly in 1990 -- the trade deficit to $100 billion and the budget deficit to $140 billion. While improved, the GRH process requires even faster progress, and the projected $140 billion budget deficit would be far above the $100 billion GRH ceiling for fiscal 1990. Note: The trade deficit is now being measured on the new Customs basis, which excludes insurance and shipping charges from imports.*

* *As was the case in last quarter's forecast, changes in actual market interest rates appear to be outstripping the panel's estimates. This time, however, the direction of change is downward. The panel's median forecast for June's three-month Treasury bill yield was 8.8 percent, unchanged from the March average. A gradual decline to 8.3 percent was expected by the end of this year. In the past three weeks, however, three-month T-bills were already trading at the expected year-end 8.3-8.4 percent range, and the yield curve had flattened perceptibly. The panel expects short-term interest rates to continue to decline throughout 1990, to a level of 7.3 percent by the end of that year.*

* *The same problem exists with the panel's long-term interest rate projections. The median panel forecast was for 30-year Treasury bond yields to average 9.1 percent in June, down only slightly from the 9.2 percent average in March. A flat profile at 9.0 percent was then expected for the remainder of the year, with a gradual decline beginning in 1990, which would bring the long rate down to 8.7 percent by the end of next year. Again, yields on 30-year bonds have already plunged to the 8.75 percent level.*

Is a "Growth Recession" Ahead?

The panel expects very slow growth -- only 1.3 percent at annual rates -- for the remainder of 1989. If correct, this would probably constitute a "growth recession, " a period of positive yet very slow growth for the economy. This below-trend growth would result in a moderate increase in the unemployment rate (to an expected 5.8 percent by the end of the year) and a small decline in capacity utilization. This might be enough to take the pressure off of inflation and allow the Federal Reserve to engineer the long-sought "soft landing," a transition from above-trend growth to a more stable, noninflationary rate near the long-term trend of the U.S. economy.

While a "soft landing" seems attainable, the real trick from an economic policy perspective is preventing the forces that are responsible for a major slowdown from degenerating into a full-blown recession. The early evidence that nonfood, nonenergy prices may be decelerating, when coupled with the ongoing declines in market interest rates, increase the chances for the soft landing to take place. It should be observed, however, that the U.S. has never escaped the onset of a recession in the mature phase of a cyclical expansion. Soft landings have often appeared possible -- such as in 1973-73 -- but inflation has invariably worsened. With the run-up in prices, government policy has been forced to squeeze still harder and soft landings are lost in the process.

Inflation Expected to Peak in 1989

Inflation, as measured by the Consumer Price Index for All Urban Consumers, is expected to peak in 1989, as the oil and food price shocks ripple through the system. The CPI is expected to rise by 5.3 percent on a 4th quarter-to-4th quarter basis, somewhat faster than the panel's estimates of the rise in the GNP deflator. To achieve the 5.3 percent rise in the CPI this year,

however, the CPI will need to slow markedly during the second half of 1989. During the 1st quarter, the annualized inflation rate was 6.1 percent, and April's 0.7 percent rise (8.4 percent at annual rates) will probably cause the 2nd quarter's pace to equal or exceed that of the 1st quarter. Inflation in 1990 is anticipated to retreat to 4.7 percent.

Convergence in the Forecast

As the year proceeds, the difference (in terms of real GNP growth for 1989) between the optimistic and pessimistic panel members continues to close, as can be seen from the table below:

Real GNP Growth (4Q88-4Q89)	Estimates of Survey in: Aug 88	Nov 88	Feb 89	May 89
Median Forecast	2.0%	2.2%	2.5%	2.3%
Upper Quartile (25%)	3.0	3.2	3.4	3.0
Lower Quartile (25%)	0.6	1.1	1.4	1.5
Spread (Upper - Lower)	2.4	2.1	2.0	1.5

The most pessimistic members have increased their forecasts almost a full percentage point since the August 1988 forecast -- possibly a reflection of the postponement of the arrival of the next recession. On the other hand, the optimists' forecasts are relatively unchanged.

Sector Outlook -- Less Ebullient

Although the panelists are looking for real GNP growth at a 2.8 percent year-over-year rate in 1989, essentially unchanged from the 2.7 percent in February, they have lowered their forecasts for several major sectors:

* *Industrial production is now expected to grow at 3.2 percent, as opposed to 3.4 percent in February. The median forecast is for a slowdown to 1.8 percent (on a year-over-year basis) for 1990. Again, caution must be taken in interpreting these year-over-year forecasts. As explained in the highlights section, most of the economic slowdown in the median forecast seems to be taking place in the last half of 1989 and does not show up in the year-over-year figures until 1990.*

* *Housing starts are now forecast to average 1.41 million units, down slightly from the 1.44 million in the last forecast. The expectation of lower interest rates in 1990 leads to a slight improvement in that year's starts, to a 1.44 million level.*

* *The median forecast for auto sales is 9.9 million units, down from the February figure of 10.2 million and down dramatically from the 10.6 million units in 1988. The decline is expected to be shared by both domestic and imported cars. In addition, van and truck sales are expected to be 5.0 million, also down from the 1988 levels. Sales in 1990 are expected to be flat at this year's levels.*

Quarterly Interest Rate Forecasts

Our panel provide us with a quarterly path for both short and long-term interest rates. The forecasts for the average interest rates for the last month in each quarter, along with the average of the upper and lower 25 percent, are shown on the next page:

Table 1

Quarterly Interest Rate Projections

	Actual	Projections						
	Mar89	Jun89	Sep89	Dec89	Mar90	Jun90	Sep90	Dec90
3 Month Treasury Bills								
- median	8.8%	8.8%	8.5%	8.3%	8.0%	7.8%	7.5%	7.3%
- upper 25%		9.1	9.3	9.3	9.2	8.9	8.7	8.7
- lower 25%		8.3	7.9	7.2	6.9	6.6	6.4	6.1
30-Yr. Treasury Bonds								
- median	9.2%	9.1%	9.0%	9.0%	8.9%	8.8%	8.7%	8.7%
- upper 25%		9.4	9.7	9.8	9.8	9.7	9.6	9.6
- lower 25%		8.9	8.7	8.4	8.2	8.1	7.9	7.7

The Prospect of a 1989-1990 Recession Continues to Recede

Although a majority of our panelists still expects a recession before the end of 1990, the percentage has dropped to 63 percent, down from 75 percent in the February forecast and 89 percent in November. More significantly, 20 percent of respondents do not expect a downturn before 1992.

Table 2

Timing of the Next Recession

Next Recession Begins In:	Percent of Respondents in				
	May 88	Aug 88	Nov 88	Feb 89	May 89
1989	57.4%	47.3%	40.0%	19.2%	19.6%
1990	31.5	41.8	48.3	55.8	43.5
1991	1.9	9.1	8.3	17.3	17.4
1992 or later	3.8	1.8	3.3	7.7	19.6

Table 3
Summary of NABE Median Forecasts

	1988 Actual	1989 Forecasts: Aug 88 Survey	Nov 89 Survey	Feb 89 Survey	May 89 Survey	1990 F'cst May 89 Survey
Fourth Quarter to Fourth Quarter						
Real GNP	2.8%	2.0%	2.2%	2.5%	2.3%	2.3%
Consumer Price Index	4.3%	5.1%	5.0%	4.8%	5.3%	4.7%
Annual Averages						
Real GNP	3.9%	2.3%	2.5%	2.7%	2.8%	1.8%
Pers. consum. expend.	2.8%	2.0%	2.0%	2.5%	2.5%	1.9%
Nonres. fixed invest.	9.5%	3.7%	4.3%	4.0%	4.6%	1.8%
Net exports (BB 82$)	-$99.1	-$67	-$76	-$85	-$90	-$76
Nominal Magnitudes:						
Merch. trade bal.	-$119.8	-$103#	-$103#	-$103#	-$112	-$100
Fed. budg. def.(FY)	-$155.1	-$150	-$150	-$155	-$160	-$140
Corp. prof.(aft.-tax)	14.6%	5.0%	5.2%	6.3%	5.3%	1.9%
Real Magnitudes:						
Unempl. rate (civ.)	5.5%	5.6%	5.6%	5.5%	5.4%	5.8%
Indus. production	5.7%	2.9%	3.0%	3.4%	3.2%	1.8%
Housing starts (MM)	1.49	1.41	1.40	1.44	1.41	1.44
Total Veh. Sales (MM)	15.9	N.A.	N.A.	N.A.	14.9	14.9
Pass. Cars (MM)	10.6	10.0	10.0	10.2	9.9	9.9
Vans & Trucks	5.3	N.A.	N.A.	N.A.	5.0	5.0
Inflation and Interest Rates:						
Consumer price index	4.1%	5.0%	5.0%	4.7%	5.1%	4.8%
GNP deflator	3.4%	4.4%	4.4%	4.5%	4.6%	4.4%
Treasury bills (3 mo.)	6.7%	7.4%	7.5%	8.0%	8.6%	7.6%
Treas. bonds (30 yr.)	9.0%	9.6%	9.5%	9.2%	9.1%	8.8%

Old forecast adjusted for new Customs definition.

The May 1989 columns are based on 54 responses received.

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When Will the Next Recession Start?